

**UNITED NATIONS
DEVELOPMENT
PROGRAMME**



UNDP

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**APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
LAO PEOPLE'S DEMOCRATIC REPUBLIC**

IPF:(1992-96) \$42 156 000

(LAO/92/006) - Technical Assistance Programme for Public Administration Reforms

Date of approval by the AC: ^{1/}	14 April 1993
Expected duration:	Three years and nine months
Proposed executing agency:	Government (Office of the Prime Minister)
Implementing Agencies:	Civil Services Commission, Ministry of Finance, School of Public Administration, UNDP/OPS
Proposed UNDP contribution:	\$1 840 000 Source of funds: IPF
Third-party cost sharing:	\$1 035 000 Source of funds: MDP
Total UNDP budget:	\$2 875 000
Administrative and Operational Support Services (AOS):	\$ 108 000 Agency: OPS

Project background

Since the inception of Lao People's Democratic Republic in 1975, the People's Revolutionary Party has been the sole Government entity. Every aspect of its governance system, such as hierarchy of authorities, accountability, institutional infrastructure, policy planning, staffing, management procedures and practices was shaped according to an orthodox central planning system which characterized the socialist system. In 1986, as a strategic approach to generate and sustain national economic development, the Party's Congress took a fundamental decision to adopt a free-market economic system. The Party recognized the need to disengage its grip on power. This has been the basis for the reforms designed and/or undertaken in political, economic and administrative areas.

The economic reforms which started since 1986 have had significant successes in terms of national finances, stable (market driven) national currency exchange rates, low inflation and large investment flows from private sector capital holders. Many bi- and multilateral aid agencies, including UNDP and its MDP, are assisting effectively the Government in overhauling its institutional, legislative and regulatory frameworks. On the political front, the first Constitution of Lao PDR, which was adopted in August 1991, is the most visible and reliable success indicator of the reforms. It specifies that the Party must dissociate itself from the functioning of the Government and defines the separation of power between the executive, legislative and judiciary bodies. It establishes the rights of individuals and the right to private property, and encourages private sector enterprises.

Lao public administration is characterized by many shortcomings, such as the absence of adequate institutional and legislative frameworks, weaknesses of managerial systems and organizational procedures, shortage of human resources, and negligible participation of women. Until December 1992, there was no entity responsible for the Civil Service. It was a Party's "Committee of Organization" attached to the Prime Minister's Office which was responsible for policy setting, implementation and enforcement in all matters related to personnel management of the public administration. Up until the establishment in August 1991 of the School of Public Administration (Ecole Nationale d'Administration et de Gestion or ENAG), training of new recruits and retraining of civil servants were carried by the Party's School.

^{1/} This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

In regard to public administration reform, the initiatives pursued by the Government in the last two years have fallen short of the objectives, as they were aimed only at the structural reorganisation of a few ministries. However, the level of development achieved by the economic and political reforms has reached a point beyond which it will be difficult, if not impossible, to progress further without full reform of the public administration. The Government of LAO PDR now requests that UNDP and its specialized Management Development Programme (MDP) participate in the design and implementation of an important segment of the comprehensive reform programme of its Public Administration.

Description of project

The development objective of the Public Administration Reforms Programme is twofold: (i) to ensure effective separation of the Party from the regular functioning of the executive branch, the administration and management of the civil service, and the judicial branch of the Government, and (ii) to provide support to the implementation of economic reforms by developing a competent civil service.

The participation of UNDP in this Public Administration Reform Programme will include four closely inter-related components: (i) an institutions support component to establish a Directorate of Civil Service and Public Administration (Direction de l'Administration et de la Fonction Publiques, DAFP) as a recognized and competent body, free from political influence, attached to the Office of the Prime Minister. (Outputs will include: comprehensive series of national policy documents setting the legislative and regulatory measures, such as the statute of the civil service, guiding principles on career development, wages of civil service personnel, guidelines on procedures, etc.; a national pension scheme for retired civil servants; and a system or structure of referral to deal with disciplinary matters and staff/management conflicts.); (ii) a direct support component to design and implement in-depth administrative and financial management reform in three pilot ministries, (Ministry of Finance, Ministry of Health and Ministry of Social Actions), from central down to village levels, encompassing provincial and district administrations; (iii) a Human Resources Development component to spell out the policies, strategies and programmes of human resources management and development in the public administration, including management information systems, training, career development, promotion of women's and ethnic minorities' participation in public administration; and (iv) an Information support component to provide a forum for, and sustain national capacities to freely discuss, analyze and develop modern techniques of administration and management for public services, and ensure transparency of rules, regulations and conduct of various services and functions of the public administration. An unstructured forum of Lao specialists and a central library will be established, and a technical bulletin will be regularly published to serve these purposes.

Inputs

UNDP will provide one expert in the establishment and management of the civil service for 24 work-months and one legal expert for 12 work-months under component (i); one expert in administration services for 24 work-months under component (ii), approximately 50 work-months of short-term international consultants, 12 national experts for a total of 477 work-months and 150 work-months of national consultants; training abroad of key national personnel of the programme, in-country training of civil servants from the pilot ministries and provincial and district administrations; office equipment, and software; and miscellaneous costs.

Financial data

	\$
Personnel	1 688 900
Training	613 500
Equipment	535 000
Miscellaneous	37 600
Total	<u>2 875 000</u>